



The Latest Scams Circulating the Consumer World.



October 2010

WATCH OUT FOR CARS ADVERTISED ON CRAIG'S LIST



FRAUD OF THE MONTH



The Hook

Great deal on a used car - priced way below "Blue Book."

The Scam

It's all a lie. The car has a defective engine or other problems which have been masked by temporary repairs. The seller is neither the true registered owner nor a licensed dealer so you have no recourse to get your money back after the sale. Did you ever wonder why you can find jobs, roommates, cars and just about everything you need without ever having to buy a newspaper or be a subscriber to a site? The Fraudsters use Craig's List and similar sites for the same reason these sites appeal to us - because they're free. But watch out! Free means there is little or no protection against fraud or misrepresentation.

Play it Safe

Buy only from registered dealers or private individuals that you know and trust. Make sure that the seller's name is on the title. Always have the car checked out by a reputable mechanic.

The Whole Story

Andy was a recent college graduate who borrowed \$5000 so he could buy a car to commute to work once he found a job. He saw a late model SUV on Craig's List that was loaded—4WD, low miles, clean, well-maintained and with all the extras he was looking for. He called the number in the ad, and the "owner" Fred told him he would meet him "on the street" to look at the car. Andy looked at the car, took it for a short drive, and it drove well. Fred said he was getting lots of calls about the car and that it probably would sell quickly.

Andy decided that this used SUV was too good to pass up, ignored his dad's advice to take the car to an independent mechanic to have it checked out, and gave Fred \$4900 in cash to buy the car. When Andy went to register the car he could not because the seller didn't fill out or sign the odometer certification, and Fred was not the registered owner. Fred didn't return Andy's calls, and since he met Fred on the street he didn't know where to find him. He went to the address of the name of the owner listed on the title (Sandra) only to find that she had moved years before and did not have a forwarding address.

Then the unthinkable happened: the car made a terrible noise and stopped running. Andy was out of money because he spent so much on the car, still had no job and had to borrow more money to have the car towed to the mechanic. After submitting a Public Disclosure Request the DMV provided him contact information for Sandra, the registered owner. She told him that the previous month she advertised the car on Craig's List as "very clean" with a cracked cylinder head or a broken head gasket that would need \$2000-\$3000 in repairs. She sold the car to Fred for \$2500. Upon the advice of an attorney Andy went to Small Claims Court to file a lawsuit against Fred. He also filed a complaint with the DMV who was interested to learn that Fred did not have a dealer license allowing him to sell a car not registered to him.

Andy borrowed an additional \$2700 to have the car repaired but a month later the engine failed again and needed to be replaced. Since Andy now had a job he was able to borrow another \$3000 to buy a used engine with a warranty. He had now spent \$11,000 on his \$4900 great deal. With the strength of the state's investigation on his side, Andy sued Fred under the Consumer Protection Act. Fred agreed to pay for all of Andy's repair bills in order to avoid going to court. This, however, is not usual for most cases.